

OFFICE OF PROCUREMENT

Invoice Review and Approval
LMS-OP-4529 Revision: F

Approval: Original Signed on File
Organizational Unit Manager, Office of Procurement
Date: 9/25/08

NASA Langley Research Center (LaRC)
Langley Management System (LMS)

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CHANGE RECORD

Rev. No.	Date	Description
B	5/14/01	Removes note from “Invoice Approval/Disapproval” paragraph consistent with the FAC 97-22 prompt payment revision. Removes procedures that only refer to other procedures.
C	2/13/02	Deletes references to LMS-TD-4547, 1098 Guidance Handbook.
D	8/22/02	Adds Section II regarding records. Revises instructions for invoice receipt, approval. Clarifies bonds and notice of assignment processing.
D-1	6/25/04	Modified Paragraph IV.B.4 for clarity.
D-2	8/5/04	Clarifies Paragraph I. Clarifies requirements throughout.
E	6/14/07	Adds new paragraph B for invoice review.
F	9/25/08	Change OCFO to NSSC Accounts Payable as the identifying payment office for invoices throughout; revise paragraph C “Invoice Approval/Disapproval” process to reflect electronic review and NSSC as retaining the official invoice file.

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I. Introduction

This document describes the procedures required for the processing of payments. For a summary of the differing types of contract financing payments available for use by the Contracting Officer (CO), review the information contained within FAR Part 32 and NFS Part 1832.

II. Records

Records generated by this procedure are contained in the Contract Files.

III. Listing of Instruction Topics

- A. Invoice Receipt
- B. Invoice Review
- C. Invoice Approval/Disapproval
- D. Bond Processing
- E. Notice of Assignment

IV. Instructions

In addition to the invoicing procedures of FAR Part 32 and NFS Part 1832:

A. Invoice Receipt - Cost, Fixed Price (FP) and Fee Invoices that are sent directly to the Office of Procurement (OP) shall be annotated with the receipt date, initialed by the Contract Specialist (CS), and immediately forwarded to the NASA Shared Services Center (NSSC) Accounts Payable (AP) for documenting the official date of receipt. The CS shall subsequently remind the contractor of the correct address for submitting invoices. In accordance with Part D of the Grants and Cooperative Agreement Handbook, Cooperative Agreements with For-Profit Firms clause "1274.908--Milestone Payments" states that the invoices are to be sent directly to the CO. These invoices are to be annotated with the date received and when the approved invoice is forwarded to NSSC AP, attach a note stating that NSSC is to use the date received by the CO as the date of receipt.

B. Invoice Review - Invoices for purchase orders for supplies (suffix "P" and "D") are approved by NSSC AP after verification that the Logistics Branch has input a receipt acceptance of the supply into the SAP (Systems, Applications, and Products) Core Financial Module of NASA's Integrated Enterprise Management Program (IEMP). Invoices for purchase orders for services (suffix "P" and "D") follow the same process as supplies but the technical end user or Contracting Officer Technical Representative (COTR) is contacted to confirm services rendered before Logistics inputs a receipt acceptance of the service into the SAP system. Invoices for services (suffix "T" and "C") will be forwarded by NSSC AP to the CS for approval, if not delegated to DCAA for approval. The CS may delegate review of service invoices to the technical end user or COTR with written notification (via e-mail) to the NSSC AP of that delegation. The technical end user or COTR approves invoices through the Account Work Management System (AWMS).

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C. Invoice Approval/Disapproval - The CS shall process invoices in a timely manner in order to take advantage of offered discounts or to avoid interest penalties. In processing invoices received, the CS shall:

1. Ensure adequate funding has been obligated on the contract to cover the payment, considering all previous payments made.
2. Contact the cognizant technical individual to ascertain whether the contractor has performed its contractual requirements satisfactorily to date and/or has made progress commensurate with the amount invoiced. Document response obtained (via email) and forward to NSSC AP to be part of the invoice contract file.
3. The CS approves the invoice amount requested or portion thereof electronically through the iView portal. Recommended denial of requested payment shall be documented and provided to NSSC AP. When necessary, notify the contractor of the reasons for denying the requested payment, or portion thereof. Partial payments may be approved for accepted partial deliveries if allowed by the contract terms.
4. Once approved, the iView system will route the invoice to NSSC AP for processing. The official contract invoice file is retained by NSSC AP. As a result, ensure that all supporting documentation resulting in the review and approval/denial related to the invoice shall be forwarded (via email) to NSSC AP.
5. Progress Payments for FP Contracts- Ensure the contractor has submitted its request for payment using Standard Form (SF) 1443 and has followed the instructions on the back of the form. Only the contractor's incurred costs should be paid; i.e. do not approve profit payments unless submitted in a final invoice. In addition, the contractor is required to include information (e.g. breakdowns, invoices, receipts) supporting how the cost requested was derived. If the CS finds errors or omissions, discuss them with the contractor so that they can provide a corrected invoice and submit accurate future requests.
6. Small Business Innovative Research (SBIR) and Small Technology Transfer Research (STTR) Phase II contractors are required to obtain Defense Contract Audit Agency (DCAA) approval of their accounting system within 6 months from the effective date of contract. Until approval is obtained, the CO may approve progress payment requests on a provisional basis in accordance with the schedule for allotment of funds found in the Limitation of Funds clause, in an amount not to exceed 25 percent of the total contract value. If the contractor does not obtain DCAA approval within the 6-month timeframe, the CO may reduce or suspend progress payments in accordance with the FAR clause entitled, "Progress Payments."

During the contract term, the CS shall request the cognizant DCAA to verify that the contractor has been billing correctly, even though delegations are not issued to them. These audits are usually requested every 6 months. They are requested more often if problems with the contractor's performance or past invoices have been experienced.

D. Bonds Processing – Construction contracts require two types of bonds. They are Performance Bonds (guarantees performance of the work) and Payment Bonds (guarantees payment of subcontractors). These bonds are forwarded by the contractor to the CO. Receipt of copies does not require CO acknowledgement unless specifically requested. Copies are filed in the Contract file.

E. Notice of Assignment - Notice of Assignment is used for contracts that do not require bonds but the assignor (i.e. offeror/contractor) has agreed to have an assignee (bank/financial institution) receive all payments due on a specific contract.

1. The CS shall promptly return all copies of the notice and instrument (OP's and NSSC's) to the financing institution if a Notice of Assignment is received prior to contract signature. Otherwise, forward all incoming notices and instruments of assignment to NSSC AP so that they may record and complete the receipt certification, excluding the CO's signature. No further payments will be made pending receipt of the acknowledged notice. NSSC will then forward the notices and instruments of assignment to the Office of the Chief Counsel (OCC) for a determination of legal sufficiency. OCC will then forward the notice to the CO for execution.

2. Ensure the Assignment of Claims Act instructions and conditions are met as specified in FAR Part 32 prior to further processing the request.

3. Ensure there is file evidence if monies due under the contract have been previously assigned, i.e. the contractor has forwarded a written notice of such release with a true copy of the instrument of release of assignment to the CO. Forward any such releases to NSSC AP whom will obtain a legal sufficiency review from OCC. NSSC AP will then acknowledge the notice of release to the assignee and forward a copy to the CO. Acknowledgment by the CO is not required.

4. After acceptance by the Government, return the original and all copies of the executed assignment notice and instrument to the NSSC AP. NSSC AP will forward three copies of the notice to the assignee and advise the assignor, in writing, of the proper method for invoicing. Copies of these letters will be forwarded to the CO for official file retention. NSSC AP will retain the original executed notice of assignment and a true copy of the instrument of assignment.

5. When an assignment notice and/or instrument are judged unacceptable to the Government, transmit a letter providing justification to the financing institution. Forward a copy of the letter to NSSC AP.